***REDACTED***
***EXECUTION VERSION***

# Collateral Agreement

## COLLATERAL AGREEMENT

This Collateral Agreement (the "Collateral Agreement"), dated as of August 12, 2010 (the "Effective Date"), is made and entered into by H.Q. Energy Services (U.S.) Inc. ("Party A") and [_____] ("Party B"), each of which hereinafter may be referred to individually as a "Party" and collectively as the "Parties".

**WHEREAS** the Parties are parties to a Power Purchase and Sale Agreement dated as of August 12, 2010 among Party A, Party B and [_____] (the "PPA");

**WHEREAS** the Parties, after the Effective Date, may enter into other energy or energy-related transactions and/or Master Agreements, and such future transactions shall be subject to this Collateral Agreement in the event that the Parties affirmatively state in the definitive agreement for such future transactions that such transactions are subject to this Collateral Agreement (the PPA and any such other future transactions being hereinafter referred to individually as a "Transaction" and collectively as the "Transactions"); and

**WHEREAS** the obligations of Party A and Party B under the Transactions shall be secured in accordance with the provisions of this Collateral Agreement, which, except as provided below, sets forth the exclusive conditions under which a Party will be required to Transfer Performance Assurance in the form of Cash, a Letter of Credit or other property as agreed to by the Parties, as well as the exclusive conditions under which a Party will release such Performance Assurance.

**NOW, THEREFORE,** for and in consideration of the mutual agreements herein made and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party agrees as follows:

Paragraph 1. Definitions.

For purposes of this Collateral Agreement, the following terms have the respective definitions set forth below:

"Bankrupt" means the financial status with respect to any entity which (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

"Calculation Date" means any Local Business Day on which a Party chooses or is requested by the other Party to make the determinations referred to in Paragraphs 3, 4, 5 or 8 of this Collateral Agreement.

"Cash" means U.S. dollars held by or on behalf of a Party as Performance Assurance hereunder.

"Collateral Account" shall have the meaning attributed to it in Paragraph 6(a)(ii)(B).

"Collateral Agreement" shall have the meaning attributed to it in the Preamble.

"Collateral Requirement" shall have the meaning attributed to it in Paragraph 3(b).

"Collateral Threshold" means, with respect to a Party, the collateral threshold, if any, set forth in Paragraph 10 for such Party.

"Collateral Value" means (a) with respect to Cash, the face amount thereof; (b) with respect to Letters of Credit, the Letter of Credit Maximum Amount multiplied by the Valuation Percentage; and (c) with respect to other forms of Performance Assurance, the Valuation Percentage multiplied by the fair market value on any Calculation Date of each item of Performance Assurance on deposit with, or held by or for the benefit of, a Party pursuant to this Collateral Agreement as determined by such Party in a commercially reasonable manner.

"Credit Rating" means with respect to any entity, on any date of determination, the respective ratings then assigned to such entity's unsecured, senior long-term debt or deposit obligations (not supported by third party credit enhancement except that the standing guaranty of the Province of Québec in favor of Party A's guarantor shall not be considered to constitute "third party credit enhancement" for purposes of this definition) by S&P, Moody's or other specified rating agency or agencies or if such entity does not have a rating for its unsecured, senior long-term debt or deposit obligations (including for the avoidance of doubt debt incurred pursuant to municipal revenue bonds), then the rating assigned to such entity as an "issuer" and/or "corporate credit rating" by S&P or Moody's.

"Credit Rating Event" shall have the meaning attributed to it in Paragraph 6(a)(ii).

"Current Mark-to-Market Value" of an outstanding Transaction, on any Calculation Date, means the amount, as calculated in good faith and in a commercially reasonable manner, which a Party to the Transaction would pay to (a negative Current Mark-to-Market Value) or receive from (a positive Current Mark-to-Market Value) the other Party as the Settlement Amount for such Transaction.

"Custodian" shall have the meaning attributed to it in Paragraph 6(a)(i).

"Defaulting Party" shall have the meaning, as to the PPA, attributed to it in the PPA. As to other Transactions, "Defaulting Party" shall have the meaning, if any, set forth in a separate agreement between the Parties.

"Downgraded Party" shall have the meaning attributed to it in Paragraph 6(a)(ii).

"Early Termination Date" shall have the meaning, as to the PPA, attributed to it in the PPA. As to other Transactions, "Early Termination Date" shall have the meaning, if any, set forth in a separate agreement between the Parties.

"Effective Date" shall have the meaning attributed to it in the Preamble.

"Eligible Collateral" means, with respect to a Party, the Performance Assurance specified for such Party in Paragraph 10(b).

[redacted]

"Event of Default" shall have the meaning, as to the PPA, attributed to it in the PPA. As to other Transactions, "Event of Default" shall have the meaning, if any, set forth in a separate agreement between the parties.

"Exposure for the PPA" means, [redacted]

"Exposure for other Transaction than the PPA" means, as regards to the exposure of one Party ("Party X") to the other Party ("Party Y") under each Transaction other than the PPA (without duplication) as of any Calculation Date, the sum of the following:

(a) the aggregate of all amounts in respect of such Transaction that are owed or otherwise accrued and payable (regardless of whether such amounts have been or could be invoiced) to Party X and that remain unpaid as of such Calculation Date minus the aggregate of all amounts in respect of such Transaction that are owed or otherwise accrued and payable (regardless of whether such amounts have been or could be invoiced) to Party Y and that remain unpaid as of such Calculation Date; plus

(b) the Current Mark-to-Market Value of such Transaction to Party X.

"Exposure Amount" shall have the meaning set forth in Paragraph 3(a).

"Interest Amount" means with respect to a Party and an Interest Period, the sum of the daily interest amounts for all days in such Interest Period; each daily interest amount to be determined by such Party as follows: (a) the amount of Cash held by such Party on that day; multiplied by (b) the Interest Rate for that day, divided by (c) 360.

"Interest Period" means the period from (and including) the last Local Business Day on which an Interest Amount was transferred by a Party (or if no Interest Amount has yet been transferred by such Party, the Local Business Day on which Cash was transferred to such Party) to (but excluding) the Local Business Day on which the current Interest Amount is to be transferred.

"Interest Rate" means, in respect of a Party holding Cash, the rate specified for such Party in Paragraph 10(g).

"Letter of Credit" means an irrevocable, transferable, standby letter of credit, issued by a major U.S. commercial bank or the U.S. branch office of a foreign bank, in either case, (i) with a Credit Rating of at least (a) "A-" by S&P and "A3" by Moody's, if such entity is rated by both S&P and Moody's or (b) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's but not both, and (ii) having a capital and surplus of at least $1,000,000,000, substantially in the form set forth in Schedule 1 attached hereto, with such changes to the terms in that form as the issuing bank may require and as may be acceptable to the beneficiary thereof.

"Letter of Credit Default" means with respect to a Letter of Credit, the occurrence of any of the following events: (a) the issuer of such Letter of Credit shall fail to maintain a Credit Rating of at least (i) "A-" by S&P and "A3" by Moody's, if such issuer is rated by both S&P and Moody's, (ii) "A-" by S&P, if such issuer is rated only by S&P, or (iii) "A3" by Moody's, if such issuer is rated only by Moody's; (b) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit; (c) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; (d) such Letter of Credit shall expire or terminate, or shall fail or cease to be in full force and effect at any time during the term of the Transaction, in any such case without replacement; or (e) the issuer of such Letter of Credit shall become Bankrupt; provided, however, that no Letter of Credit Default shall occur or be continuing in any event with respect to a Letter of

Credit after the time such Letter of Credit is required to be canceled or returned to a Party in accordance with the terms of this Collateral Agreement.

"Letter of Credit Maximum Amount" means, with respect to a Party, the Letter of Credit Maximum Amount set forth in Paragraph 10(c).

"Local Business Day" means a day on which commercial banks are open for business (a) in relation to any payment, in the place where the relevant account is located and (b) in relation to any notice or other communication, in the city specified in the address for notice provided by the recipient.

[redacted]

"Minimum Transfer Amount" means, with respect to a Party, the amount, if any, set forth in Paragraph 10(e) for such Party.

"Net Exposure" shall have the meaning attributed to it in Paragraph 3(a).

"Notification Time" means 1:00 P.M. New York time, on any Calculation Date.

"Obligations" shall have the meaning attributed to it in Paragraph 2.

"Party A" shall have the meaning attributed to it in the Preamble.

[redacted]

"Party A Threshold Amount" shall have the meaning attributed to it in Paragraph 10(a)(i).

"Party B" shall have the meaning attributed to it in the Preamble.

[redacted]

"Party B Threshold Amount" shall have the meaning attributed to it in Paragraph 10(a)(ii).

"Performance Assurance" means all Eligible Collateral, all other property acceptable to the Party to which it is transferred, and all proceeds thereof, that has been transferred to or received by a Party hereunder and not subsequently transferred to the other Party pursuant to Paragraph 5 or otherwise received by the other Party. Any Interest Amount or portion thereof not transferred pursuant to Paragraph 6(a)(iii) and any Cash received and held by a Party after drawing on any Letter of Credit will constitute Performance Assurance in the form of Cash, until all or any portion of such Cash is applied against Obligations owing to such Party pursuant to the provisions of this

Collateral Agreement. Any guaranty agreement executed by a guarantor of a Party shall not constitute Performance Assurance hereunder.

"Pledging Party" shall have the meaning attributed to it in Paragraph 3(b).

"Potential Event of Default" as to Transactions other than the PPA, shall have the meaning, if any, set forth in a separate agreement between the Parties. For the avoidance of doubt, any reference to "Potential Event of Default" in this Collateral Agreement shall not be applicable to the PPA.

"PPA" shall have the meaning attributed to it in the Recitals.

"Qualified Institution" means a commercial bank or trust company organized under the laws of the United States or a political subdivision thereof, with (i) a Credit Rating of at least (a) "A-" by S&P and "A3" by Moody's, if such entity is rated by both S&P and Moody's or (b) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's but not both, and (ii) having a capital and surplus of at least $1,000,000,000.

"Reference Market-Maker" means a leading dealer in the relevant market selected by a Party determining its Exposure Amount in good faith from among dealers of the highest credit standing which satisfy all the criteria that such Party applies generally at the time in deciding whether to offer or to make an extension of credit.

"Rounding Amount" means, with respect to a Party, the amount, if any, set forth in Paragraph 10(f) for such Party.

"Secured Party" shall have the meaning attributed to it in Paragraph 3(a).

"Settlement Amount" shall have the meaning, as to the PPA, attributed to the term "Termination Payment" in the PPA. As to other Transactions, "Settlement Amount" shall have the meaning, if any, set forth in a separate agreement between the Parties.

"Transaction" shall have the meaning attributed to it in the Recitals.

"Transfer" means, with respect to any Performance Assurance or Interest Amount, and in accordance with the instructions of the Party entitled thereto:

(a) in the case of Cash, payment or transfer by wire transfer into one or more bank accounts specified by the recipient;

(b) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to the recipient; and

(c) in the case of any other type of Performance Assurance, delivery thereof as specified by the recipient.

"Valuation Date" means each Monday or, if such Monday is not a Local Business Day, then the next Local Business Day.

"Valuation Percentage" means, with respect to any Performance Assurance designated as Eligible Collateral in Paragraph 10(b), the Valuation Percentage specified for such Performance Assurance in Paragraph 10(b).

Paragraph 2. Encumbrance; Grant of Security Interest.

As security for the prompt and complete payment of all amounts due or that may now or hereafter become due from a Party to the other Party and the performance by a Party of all present and future covenants and obligations to be performed by it pursuant to this Collateral Agreement, all outstanding Transactions and any other documents, instruments or agreements executed in connection therewith (collectively, the "Obligations"), each Party hereby pledges, assigns, conveys and transfers to the other Party, and hereby grants to the other Party a first priority present and continuing security interest in and to, and a general first lien upon and right of set off against, all Performance Assurance which has been or may in the future be transferred to, or received by, the other Party and/or its Custodian, and all dividends, interest, and other proceeds from time to time received, receivable or otherwise distributed in respect of, or in exchange for, any or all of the foregoing and each Party agrees to take such action as the other Party reasonably requests in order to perfect the other Party's continuing security interest in, and lien on (and right of setoff against), such Performance Assurance.

Paragraph 3. Calculations of Collateral Requirement.

(a) On any Calculation Date, the Exposure for the PPA and the Exposure for other Transaction than the PPA (the "Exposure Amount") for each Party shall be calculated for all Transactions for which there are any Obligations remaining unpaid or unperformed. The Party having the greater Exposure Amount at any time (the "Secured Party") shall be deemed to have a "Net Exposure" to the other Party equal to the Secured Party's Exposure Amount.

(b) The "Collateral Requirement" for a Party (the "Pledging Party") means the Secured Party's Net Exposure minus the sum of:

(i) the Pledging Party's Collateral Threshold;
(ii) the amount of Cash previously Transferred to the Secured Party;
(iii) the amount of Cash held by the Secured Party as Performance Assurance as a result of drawing under any Letter of Credit;
(iv) any Interest Amount that has not yet been Transferred to the Pledging Party;
(v) the Collateral Value of each Letter of Credit; and
(vi) the Collateral Value of any other form of Performance Assurance (other than Cash and Letter of Credit) maintained by the Pledging Party for the benefit of the Secured Party;

provided, however, that, the Collateral Requirement of a Party will be deemed to be zero (0) whenever the calculation of such Party's Collateral Requirement yields a number less than zero (0).

Paragraph 4. Delivery of Performance Assurance.

On any Calculation Date on which (a) no Event of Default or Potential Event of Default has occurred and is continuing with respect to the Secured Party, (b) no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Secured Party for which there exist any unsatisfied payment Obligations, and (c) the Pledging Party's Collateral Requirement equals or exceeds its Minimum Transfer Amount, then the Secured Party may demand that the Pledging Party Transfer to the Secured Party, and the Pledging Party shall, after receiving such notice from the Secured Party, Transfer, or cause to be transferred to the Secured Party, Performance Assurance for the benefit of the Secured Party, having a Collateral Value at least equal to the Pledging Party's Collateral Requirement. The amount of Performance Assurance required to be transferred hereunder shall be rounded up to the nearest integral multiple of the Rounding Amount. Unless otherwise agreed in writing by the Parties, (i) Performance Assurance demanded of a Pledging Party on or before the Notification Time on a Local Business Day shall be provided by the close of business on the next Local Business Day and (ii) Performance Assurance demanded of a Pledging Party after the Notification Time on a Local Business Day shall be provided by the close of business on the second Local Business Day thereafter. Any Letter of Credit or other type of Performance Assurance (other than Cash) shall be transferred to such address as the Secured Party shall specify and any such demand made by the Secured Party pursuant to this Paragraph 4 shall specify account information for the account to which Performance Assurance in the form of Cash shall be transferred.

Paragraph 5. Reduction and Substitution of Performance Assurance.

(a) On any Local Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to Cash), a Pledging Party may request a reduction in the amount of Performance Assurance previously provided by the Pledging Party for the benefit of the Secured Party, provided that, after giving effect to the requested reduction in Performance Assurance, (i) the Pledging Party shall in fact have a Collateral Requirement of zero; (ii) no Event of Default or Potential Event of Default with respect to the Pledging Party shall have occurred and be continuing; (iii) no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Pledging Party for which there exist any unsatisfied payment Obligations; and (iv) Pledging Party shall have satisfied its Minimum Transfer Amount. A permitted reduction in Performance Assurance may be effected by the Transfer of Cash to the Pledging Party or the reduction of the amount of an outstanding Letter of Credit previously issued for the benefit of the Secured Party. The amount of Performance Assurance required to be reduced hereunder shall be rounded down to the nearest integral multiple of the Rounding Amount. The Pledging Party shall have the right to specify the means of effecting the reduction in Performance Assurance. In all cases, the cost and expense of reducing Performance Assurance (including, but not limited to, the reasonable

costs, expenses, and attorneys' fees of the Secured Party) shall be borne by the Pledging Party. Unless otherwise agreed in writing by the Parties, (i) if the Pledging Party's reduction demand is made on or before the Notification Time on a Local Business Day, then the Secured Party shall have one (1) Local Business Day to effect a permitted reduction in Performance Assurance and (ii) if the Pledging Party's reduction demand is made after the Notification Time on a Local Business Day, then the Secured Party shall have two (2) Local Business Days to effect a permitted reduction in Performance Assurance, in each case, if such reduction is to be effected by the return of Cash to the Pledging Party. If a permitted reduction in Performance Assurance is to be effected by a reduction in the amount of an outstanding Letter of Credit previously issued for the benefit of the Secured Party, the Secured Party shall promptly take such action as is reasonably necessary to effectuate such reduction.

(b) Except when (i) an Event of Default or Potential Event of Default with respect to the Pledging Party shall have occurred and be continuing or (ii) an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Pledging Party for which there exist any unsatisfied payment Obligations, the Pledging Party may substitute Performance Assurance for other existing Performance Assurance of equal Collateral Value upon one (1) Local Business Day's written notice (provided such notice is made on or before the Notification Time, otherwise the notification period shall be two (2) Local Business Days) to the Secured Party; provided, however, that if such substitute Performance Assurance is of a type not otherwise approved by this Collateral Agreement, then the Secured Party must consent in writing to such substitution. Upon the Transfer to the Secured Party and/or its Custodian of the substitute Performance Assurance, the Secured Party and/or its Custodian shall Transfer the relevant replaced Performance Assurance to the Pledging Party within two (2) Local Business Days. Notwithstanding anything herein to the contrary, no such substitution shall be permitted unless (i) the substitute Performance Assurance is transferred simultaneously or has been transferred to the Secured Party and/or its Custodian prior to the release of the Performance Assurance to be returned to the Pledging Party and the security interest in, and general first lien upon, such substitute Performance Assurance granted pursuant hereto in favor of the Secured Party shall have been perfected as required by applicable law and shall constitute a first priority perfected security interest therein and general first lien thereon, and (ii) after giving effect to such substitution, the Collateral Value of such substitute Performance Assurance shall equal the greater of the Pledging Party's Collateral Requirement or the Pledging Party's Minimum Transfer Amount. Each substitution of Performance Assurance shall constitute a representation and warranty by the Pledging Party that the substituted Performance Assurance shall be subject to and governed by the terms and conditions of this Collateral Agreement, including without limitation the security interest in, general first lien on and right of offset against, such substituted Performance Assurance granted pursuant hereto in favor of the Secured Party pursuant to Paragraph 2.

(c) The Transfer of any Performance Assurance by the Secured Party and/or its Custodian in accordance with this Paragraph 5 shall be deemed a release by the Secured Party of its security interest, general first lien and right of offset granted pursuant to Paragraph 2 hereof only with respect to such returned Performance Assurance. In

connection with each Transfer of any Performance Assurance pursuant to this Paragraph 5, the Pledging Party will, upon request of the Secured Party, execute a receipt showing the Performance Assurance transferred to it.

Paragraph 6. Administration of Performance Assurance.

(a) Cash. Performance Assurance provided in the form of Cash to a Party that is the Secured Party shall be subject to the following provisions.

(i) If such Party is entitled to hold Cash, then it will be entitled to hold Cash or to appoint an agent which is a Qualified Institution (a "Custodian") to hold Cash for it provided that the conditions for holding Cash that are set forth on Paragraph 10 for such Party are satisfied. If such Party is not entitled to hold Cash, then the provisions of Paragraph 6(a)(ii) shall not apply with respect to such Party and Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B). Upon notice by the Secured Party to the Pledging Party of the appointment of a Custodian, the Pledging Party's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Cash by a Custodian will be deemed to be the holding of Cash by the Secured Party for which the Custodian is acting. If the Secured Party or its Custodian fails to satisfy any conditions for holding Cash as set forth above or in Paragraph 10 or if the Secured Party is not entitled to hold Cash at any time, then the Secured Party will Transfer, or cause its Custodian to Transfer, the Cash to a Qualified Institution and the Cash shall be maintained in accordance with Paragraph 6(a)(ii)(B), with the Party not eligible to hold Cash being considered the "Downgraded Party" (as defined below). Except as set forth in Paragraph 6(c), the Secured Party will be liable for the acts or omissions of its Custodian to the same extent that the Secured Party would be liable hereunder for its own acts or omissions.

(ii) Use of Cash. Notwithstanding the provisions of applicable law, if no Event of Default has occurred and is continuing with respect to the Secured Party and no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Secured Party for which there exist any unsatisfied payment Obligations, then the Secured Party shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise use in its business any Cash that it holds as Performance Assurance hereunder, free from any claim or right of any nature whatsoever of the Pledging Party, including any equity or right of redemption by the Pledging Party; provided, however, that if a Party or its Custodian is not eligible to hold Cash pursuant to Paragraph 6(a) (such Party shall be the "Downgraded Party" and the event that caused it or its Custodian to be ineligible to hold Cash shall be a "Credit Rating Event") then:

(A) the provisions of this Paragraph 6(a)(ii) will not apply with respect to the Downgraded Party; and

(B) the Downgraded Party shall be required to Transfer (or cause to be transferred) not later than the close of business on the next Local Business Day following such Credit Rating Event all Cash in its possession or held on its behalf to a Qualified Institution approved by the non-Downgraded Party (which approval

shall not be unreasonably withheld), to a segregated, safekeeping or custody account (the "Collateral Account") within such Qualified Institution with the title of the account indicating that the property contained therein is being held as Cash for the Downgraded Party. The Qualified Institution shall serve as Custodian with respect to the Cash in the Collateral Account, and shall hold such Cash in accordance with the terms of this Collateral Agreement and for the security interest of the Downgraded Party and execute such account control agreements as are necessary or applicable to perfect the security interest of the non-Downgraded Party therein pursuant to Section 9-314 of the Uniform Commercial Code or otherwise, and subject to such security interest, for the ownership and benefit of the non-Downgraded Party. The Qualified Institution holding the Cash will invest and reinvest or procure the investment and reinvestment of the Cash in accordance with the written instructions of the Pledging Party, subject to the approval of such instructions by the Downgraded Party (which approval shall not be unreasonably withheld), provided that the Qualified Institution shall not be required to so invest or reinvest or procure such investment or reinvestment if an Event of Default or Potential Event of Default with respect to the Pledging Party shall have occurred and be continuing. The Downgraded Party shall have no responsibility for any losses resulting from any investment or reinvestment effected in accordance with the Pledging Party's instructions.

(iii) Interest Payments on Cash. So long as no Event of Default or Potential Event of Default with respect to the Pledging Party has occurred and is continuing, and no Early Termination Date for which any unsatisfied payment Obligations of the Pledging Party exist has occurred or been designated as the result of an Event of Default with respect to the Pledging Party, and to the extent that an obligation to Transfer Performance Assurance would not be created or increased by the Transfer, in the event that the Secured Party or its Custodian is holding Cash, the Secured Party will Transfer (or caused to be transferred) to the Pledging Party, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which may be retained by the Secured Party or its Custodian), the Interest Amount. The Pledging Party shall invoice the Secured Party monthly setting forth the calculation of the Interest Amount due, and the Secured Party shall make payment thereof by the later of (A) the third Local Business Day of the first month after the last month to which such invoice relates or (B) the third Local Business Day after the day on which such invoice is received. On or after the occurrence of a Potential Event of Default or an Event of Default with respect to the Pledging Party or an Early Termination Date as a result of an Event of Default with respect to the Pledging Party, the Secured Party or its Custodian shall retain any such Interest Amount as additional Performance Assurance hereunder until the obligations of the Pledging Party under the Transactions have been satisfied in the case of an Early Termination Date or for so long as such Event of Default is continuing in the case of an Event of Default.

(b) Letters of Credit. Performance Assurance provided in the form of a Letter of Credit shall be subject to the following provisions.

(i) Unless otherwise agreed to in writing by the Parties, each Letter of Credit shall be provided in accordance with Paragraph 4, and each Letter of Credit shall be maintained for the benefit of the Secured Party. The Pledging Party shall (A) renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit, (B) if the bank that issued an outstanding Letter of Credit has indicated its intent not to renew such Letter of Credit, provide either a substitute Letter of Credit or other Eligible Collateral, in each case at least twenty (20) Local Business Days prior to the expiration of the outstanding Letter of Credit, and (C) if a bank issuing a Letter of Credit shall fail to honor the Secured Party's properly documented request to draw on an outstanding Letter of Credit, provide for the benefit of the Secured Party either a substitute Letter of Credit that is issued by a bank acceptable to the Secured Party or other Eligible Collateral, in each case within one (1) Local Business Day after such refusal, provided that, as a result of the Pledging Party's failure to perform in accordance with (A), (B), or (C) above, the Pledging Party's Collateral Requirement would be greater than zero.

(ii) As one method of providing Performance Assurance, the Pledging Party may increase the amount of an outstanding Letter of Credit or establish one or more additional Letters of Credit.

(iii) Upon the occurrence of a Letter of Credit Default, the Pledging Party agrees to Transfer to the Secured Party either a substitute Letter of Credit or other Eligible Collateral, in each case on or before the first Local Business Day after the occurrence thereof (or the fifth (5th) Local Business Day after the occurrence thereof if only clause (a) under the definition of Letter of Credit Default applies).

(iv) (A) Upon or at any time after the occurrence and continuation of an Event of Default with respect to the Pledging Party, or (B) if an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Pledging Party for which there exist any unsatisfied payment Obligations, then the Secured Party may draw on the entire, undrawn portion of any outstanding Letter of Credit upon submission to the bank issuing such Letter of Credit of one or more certificates specifying that such Event of Default or Early Termination Date has occurred and is continuing. Cash proceeds received from drawing upon the Letter of Credit shall be deemed Performance Assurance as security for the Pledging Party's obligations to the Secured Party and the Secured Party shall have the rights and remedies set forth in Paragraph 7 with respect to such cash proceeds. Notwithstanding the Secured Party's receipt of Cash proceeds of a drawing under the Letter of Credit, the Pledging Party shall remain liable (y) for any failure to Transfer sufficient Performance Assurance or (z) for any amounts owing to the Secured Party and remaining unpaid after the application of the amounts so drawn by the Secured Party.

(v) In all cases, the costs and expenses (including but not limited to the reasonable costs, expenses, and attorneys' fees of the Secured Party) of establishing, renewing, substituting, canceling, and increasing the amount of a Letter of Credit shall be borne by the Pledging Party.

(c) Care of Performance Assurance. Except as otherwise provided in Paragraph 6(a)(iii) and beyond the exercise of reasonable care in the custody thereof, the Secured Party shall have no duty as to any Performance Assurance in its possession or control or in the possession or control of any Custodian or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Performance Assurance in its possession, and/or in the possession of its agent for safekeeping, if the Performance Assurance is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Performance Assurance, or for any diminution in the value thereof, by reason of the act or omission of any Custodian selected by the Secured Party in good faith except to the extent such loss or damage is the result of such agent's willful misconduct or negligence. Unless held by a Custodian, the Secured Party shall at all times retain possession or control of any Performance Assurance transferred to it. The holding of Performance Assurance by a Custodian for the benefit of the Secured Party shall be deemed to be the holding and possession of such Performance Assurance by the Secured Party for the purpose of perfecting the security interest in the Performance Assurance. Except as otherwise provided in Paragraph 6(a)(ii), nothing in this Collateral Agreement shall be construed as requiring the Secured Party to select a Custodian for the keeping of Performance Assurance for its benefit.

Paragraph 7. Exercise of Rights Against Performance Assurance.

(a) In the event that (i) an Event of Default with respect to the Pledging Party has occurred and is continuing or (ii) an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Pledging Party, the Secured Party may exercise any one or more of the rights and remedies provided under the Transaction, in this Collateral Agreement or as otherwise available under applicable law. Without limiting the foregoing, if at any time (i) an Event of Default with respect to the Pledging Party has occurred and is continuing, or (ii) an Early Termination Date occurs or is deemed to occur as a result of an Event of Default with respect to the Pledging Party, then the Secured Party may, in its sole discretion, exercise any one or more of the following rights and remedies, all on commercially reasonable bases and then only to the extent necessary to satisfy the Pledging Party's Obligations:

(i) all rights and remedies available to a secured party under the Uniform Commercial Code and any other applicable jurisdiction and other applicable laws with respect to the Performance Assurance held by or for the benefit of the Secured Party;

(ii) the right to set off any Performance Assurance held by or for the benefit of the Secured Party against and in satisfaction of any amount payable by the Pledging Party in respect of any of its Obligations;

(iii) the right to draw on any outstanding Letter of Credit issued for its benefit; and/or

(iv) the right to liquidate any Performance Assurance held by or for the benefit of the Secured Party through one or more public or private sales or other dispositions with such notice, if any, as may be required by applicable law, free from any claim or right of any nature whatsoever of the Pledging Party, including any right of equity or redemption by the Pledging Party (with the Secured Party having the right to purchase any or all of the Performance Assurance to be sold) and to apply the proceeds from the liquidation of such Performance Assurance to and in satisfaction of any amount payable by the Pledging Party in respect of any of its Obligations in such order as the Secured Party may elect.

(b) The Pledging Party hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as the Pledging Party's true and lawful attorney-in-fact with full irrevocable power and authority to act in the name, place and stead of the Pledging Party or in the Secured Party's own name, from time to time in the Secured Party's discretion, for the purpose of taking any and all action and executing and delivering any and all documents or instruments which may be necessary or desirable to accomplish the purposes of Paragraph 7(a).

(c) Secured Party shall be under no obligation to prioritize the order with respect to which it exercises any one or more rights and remedies available hereunder. The Pledging Party shall in all events remain liable to the Secured Party for any amount payable by the Pledging Party in respect of any of its Obligations remaining unpaid after any such liquidation, application and set off.

(d) In addition to the provisions of Paragraph 7(a), if at any time (i) an Event of Default with respect to the Secured Party has occurred and is continuing or (ii) an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Secured Party, then:

(1) the Secured Party will be obligated immediately to Transfer all Performance Assurance (including any Letter of Credit) and the Interest Amount, if any, to the Pledging Party;

(2) the Pledging Party may do any one or more of the following: (x) exercise any of the rights and remedies of a pledgor with respect to the Performance Assurance, including any such rights and remedies under law then in effect; (y) to the extent that the Performance Assurance or the Interest Amount is not transferred to the Pledging Party as required in (1) above, setoff amounts payable to the Secured Party against the Performance Assurance (other than Letters of Credit) held by the Secured Party or to the extent its rights to setoff are not exercised, withhold payment of any remaining amounts payable by the Pledging Party, up to the value of any remaining Performance Assurance held by the Secured Party, until the Performance Assurance is transferred to the Pledging

Party; and (z) exercise rights and remedies available to the Pledging Party under the terms of any Letter of Credit; and

(3) the Secured Party shall be prohibited from drawing on any Letter of Credit that has been posted by the Pledging Party for its benefit.

Paragraph 8. Disputed Calculations

(a) If the Pledging Party disputes the amount of Performance Assurance requested by the Secured Party and such dispute relates to the amount of the Net Exposure claimed by the Secured Party, then the Pledging Party shall (i) notify the Secured Party of the existence and nature of the dispute not later than the Notification Time on the first Local Business Day following the date that the demand for Performance Assurance is made by the Secured Party pursuant to Paragraph 4, and (ii) provide Performance Assurance to or for the benefit of the Secured Party in an amount equal to the Pledging Party's own estimate, made in good faith and in a commercially reasonable manner, of the Pledging Party's Collateral Requirement in accordance with Paragraph 4. In all such cases, the Parties thereafter shall promptly consult with each other in order to reconcile the two conflicting amounts. If the Parties have not been able to resolve their dispute on or before the second Local Business Day following the date that the demand is made by the Secured Party, then the Secured Party's Net Exposure shall be recalculated by each Party requesting quotations from one (1) Reference Market-Maker within two (2) Local Business Days (taking the arithmetic average of those obtained to obtain the average Current Mark-to-Market Value; provided, that, if only one (1) quotation can be obtained, then that quotation shall be used) for the purpose of recalculating the Current Mark-to-Market Value of each Transaction in respect of which the Parties disagree as to the Current Mark-to-Market Value thereof, and the Secured Party shall inform the Pledging Party of the results of such recalculation (in reasonable detail). Performance Assurance shall thereupon be provided, returned, or reduced, if necessary, on the next Local Business Day in accordance with the results of such recalculation.

(b) If the Secured Party disputes the amount of Performance Assurance to be reduced by the Secured Party and such dispute relates to the amount of the Net Exposure claimed by the Secured Party, then the Secured Party shall (i) notify the Pledging Party of the existence and nature of the dispute not later than the Notification Time on the first Local Business Day following the date that the demand to reduce Performance Assurance is made by the Pledging Party pursuant to Paragraph 5(a), and (ii) effect the reduction of Performance Assurance to or for the benefit of the Pledging Party in an amount equal to the Secured Party's own estimate, made in good faith and in a commercially reasonable manner, of the Pledging Party's Collateral Requirement in accordance with Paragraph 5(a). In all such cases, the Parties thereafter shall promptly consult with each other in order to reconcile the two conflicting amounts. If the Parties have not been able to resolve their dispute on or before the second Local Business Day following the date that the demand is made by the Pledging Party, then the Secured Party's Net Exposure shall be recalculated by each Party requesting quotations from one (1) Reference Market-Maker within two (2) Local Business Days (taking the arithmetic average of those obtained to obtain the average Current Mark-to-Market Value; provided, that, if only one

(1) quotation can be obtained, then that quotation shall be used) for the purpose of recalculating the Current Mark-to-Market Value of each Transaction in respect of which the Parties disagree as to the Current Mark-to-Market Value thereof, and the Secured Party shall inform the Pledging Party of the results of such recalculation (in reasonable detail). Performance Assurance shall thereupon be provided, returned, or reduced, if necessary, on the next Local Business Day in accordance with the results of such recalculation.

Paragraph 9. Covenants; Representations and Warranties; Miscellaneous.

(a) Perfection of Security Interest. The Pledging Party will execute and deliver to the Secured Party (and to the extent permitted by applicable law, the Pledging Party hereby authorizes the Secured Party to execute and deliver, in the name of the Pledging Party or otherwise) such financing statements, assignments and other documents and do such other things relating to the Performance Assurance and the security interest granted under this Collateral Agreement, including any action the Secured Party may deem necessary or appropriate to perfect or maintain perfection of its security interest in the Performance Assurance, and the Pledging Party shall pay all costs relating to its Transfer of Performance Assurance and the maintenance and perfection of the security interest therein.

(b) Representations and Warranties. On each day on which Performance Assurance is held by the Secured Party and/or its Custodian under a Transaction and this Collateral Agreement, the Pledging Party hereby represents and warrants that:

(i) the Pledging Party has good title to and is the sole owner of such Performance Assurance, and the execution, delivery and performance of the covenants and agreements of this Collateral Agreement, do not result in the creation or imposition of any lien or security interest upon any of its assets or properties, including, without limitation, the Performance Assurance, other than the security interests and liens created under the Transactions and this Collateral Agreement;

(ii) upon the Transfer of Performance Assurance by the Pledging Party to the Secured Party and/or its Custodian, the Secured Party shall have a valid and perfected first priority continuing security interest therein, free of any liens, claims or encumbrances, except those liens, security interests, claims or encumbrances arising by operation of law that are given priority over a perfected security interest; and

(iii) it is not and will not become a party to or otherwise be bound by any agreement, other than the Transactions and this Collateral Agreement, which restricts in any manner the rights of any present or future holder of any of the Performance Assurance with respect hereto.

(c) Assignment. Neither Party may assign its rights or interest hereunder, or delegate its obligations hereunder, to any other person without the prior written consent of the other Party. Notwithstanding the foregoing, each Party may assign its rights under this Collateral Agreement (and without relieving itself from liability hereunder unless consented to in writing by the other Party) as regards any Transaction to any authorized successor in interest to such Party's rights under any such Transaction.

(d) Taxes; Expenses. The Pledging Party shall pay on request and indemnify the Secured Party against any taxes (including without limitation, any applicable transfer taxes and stamp, registration or other documentary taxes), assessments, or charges that may become payable by reason of the security interests, general first lien and right of offset granted under this Collateral Agreement or the execution, delivery, performance or enforcement of the Transactions and this Collateral Agreement, as well as any penalties with respect thereto (including, without limitation costs and reasonable fees and disbursements of counsel). The Parties each agree to pay the other Party for all reasonable expenses (including without limitation, court costs and reasonable fees and disbursements of counsel) incurred by the other Party in connection with the enforcement of, or suing for or collecting any amounts payable by it under, the PPA, any future Transactions that the Parties have affirmatively stated should be covered by this Collateral Agreement and this Collateral Agreement.

(e) Governing Law and Venue. THIS COLLATERAL AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE BINDING UPON THE PARTIES, THEIR SUCCESSORS AND ASSIGNEES AND BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAWS. EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS COLLATERAL AGREEMENT. ALL ACTIONS AND PROCEEDINGS ARISING OUT OF OR RELATING TO THIS COLLATERAL AGREEMENT SHALL BE HEARD AND DETERMINED EXCLUSIVELY IN A COURT LOCATED IN NEW YORK, NEW YORK.

(f) Term. The term of this Collateral Agreement shall commence on the Effective Date and shall remain in effect for so long as any Obligations are outstanding.

(g) Notices. All notices, requests, statements or payments shall be made to each party as specified below. Notices shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, overnight mail, overnight courier service or facsimile. Notice by facsimile or hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a Local Business Day, and otherwise shall be effective at the close of business on the next Local Business Day. Notice by overnight mail or courier shall be effective on the next Local Business Day after it was sent. A Party may change its addresses by providing notice of same in accordance herewith.

Notice to Party A

●

Notice to Party B

●

(h) General.

(i) Entire Agreement. This Collateral Agreement constitutes the entire agreement between the Parties relating to its subject matter; provided, however, for the avoidance of doubt, that nothing in this Collateral Agreement is intended, or does, amend or supersede the Vermont Joint Owners Power Purchase Agreement (as such term is defined in the PPA). For the avoidance of doubt, this Collateral Agreement, and in particular paragraph 9(j) hereof, supersedes as of the Effective Date the Confidentiality Agreement dated as of June 5, 2008 among the parties to the PPA.

(ii) Joint Preparation and Good Faith. This Collateral Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Each Party has prepared, negotiated and drafted, and is executing, this Collateral Agreement in good faith.

(iii) Amendment Procedures. Except to the extent herein provided for, no amendment or modification to this Collateral Agreement shall be enforceable unless reduced to writing and executed by both Parties.

(iv) Wholesale Power Sales Tariffs. Each Party agrees that if it seeks to amend any of its applicable wholesale power sales tariff, such amendment will not in any way affect outstanding obligations under this Collateral Agreement without the prior written consent of the other Party. Each Party further agrees that it will not assert, or defend itself, on the basis that any of its applicable tariff is inconsistent with this Collateral Agreement.

(v) No Third-Party Beneficiaries. This Collateral Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this Collateral Agreement).

(vi) Waiver. Waiver by a Party of any default by another Party shall not be construed as a waiver of any other default.

(vii) Headings. The headings used herein are for convenience and reference purposes only.

(viii) Successors and Assigns. This Collateral Agreement shall be binding on each Party's successors and permitted assigns.

(ix) Severability. In the event that any one or more of the provisions contained in this Collateral Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The Parties shall endeavour in good faith, negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(x) Further Assurances. Each Party agrees to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party which are not inconsistent with the provisions of this Collateral Agreement and which do not involve the assumption of obligations other than those provided for in this Collateral Agreement, in order to give full effect to this Collateral Agreement and to carry out the intent of the Parties.

(xi) Counterparts. This Collateral Agreement may be executed in any number of counterparts (including by means of facsimile or pdf), each of which when executed, shall be deemed to be an original and all of which together will be deemed to be one and the same instrument binding upon the Parties notwithstanding the fact that both Parties are not signatory to the original or the same counterpart. Delivery of an executed counterpart of a signature page to this Collateral Agreement electronically or by facsimile shall be effective as delivery of a manually executed counterpart of this Collateral Agreement.

(i) Bankruptcy Issues. The Parties intend that (i) they are each a "forward contract merchant" within the meaning of the United States Bankruptcy Code (the "Bankruptcy Code") and all transactions under this Collateral Agreement constitute a "forward contract" within the meaning of the Bankruptcy Code or a "swap agreement" within the meaning of the Bankruptcy Code; (ii) all payments made or to be made by one Party to the other Party pursuant to this Collateral Agreement constitute "settlement payments" within the meaning of the Bankruptcy Code; (iii) all transfers of Performance Assurance by one Party to the other Party under this Collateral Agreement constitute "margin payments" within the meaning of the Bankruptcy Code; and (iv) this Collateral Agreement constitutes a "master netting agreement" within the meaning of the Bankruptcy Code. Each Party hereby waives its rights to argue in any proceeding that any of the statements in clauses (i) through (iv) above are not true or enforceable.

(j) Confidentiality. No Party shall disclose the terms and conditions of this Collateral Agreement, or information exchanged between the Parties in connection with this Collateral Agreement, in each case to any third party (other than the Party's employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential), except that a Party may,

after written notice to the other Party, disclose terms and conditions of this Collateral Agreement or information exchanged between the Parties in connection with this Collateral Agreement (i) in order to comply with any applicable law (including Vermont's Open Meeting and Access to Public Records Laws, 1 V.S.A. ch. 5, if ordered by a court of competent jurisdiction), regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding; provided, however, that each Party shall, to the extent practicable, use commercially reasonable efforts to prevent or limit the disclosure, including utilization of a protective agreement and protective order limiting access to and use of confidential information and, (ii) without limiting the generality of the foregoing, as required under applicable law or regulation in connection with obtaining a Required Approval (as such term is defined in the PPA) for the PPA, it being understood that in respect of any such disclosure as part of the process of obtaining a Required Approval for the PPA, each Party shall use commercially reasonable efforts, in accordance with applicable laws and regulations, so that the Collateral Thresholds, [redacted] the Letter of Credit Maximum Amount, the definition of Exposure for the PPA[, the limit of Party B guarantor's guaranty] [Note: the preceding language in brackets in respect of Party B's guarantor to be inserted only in Vermont Marble's Collateral Agreement] and the limit of the Party A guarantor's guaranty not be disclosed. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, the confidentiality obligations of this paragraph 9(j). [Party B acknowledges that this Collateral Agreement contains information, and provides for the exchange of information, that is business-sensitive and confidential, and agrees in each case to treat such information as information that is exempt from disclosure and public inspection pursuant to 1 V.S.A. § 317(c)(9); provided, that in each case such information shall not be considered business sensitive and confidential to the extent that at or after the time of such exchange it becomes generally available to the public other than through any act or omission on the receiving Party's part.] [Note: the preceding language in brackets to be inserted only in VPPSA's, BED's and Stowe's respective Collateral Agreement]

Paragraph 10. Elections and Variables

(a) Collateral Threshold

(i) Party A Collateral Threshold. The "Party A Threshold Amount" means (A) the amount set forth below under the heading "Party A Collateral Threshold" opposite the Credit Rating for Party A's guarantor on the relevant date of determination, or (B) zero if on the relevant date of determination Party A's guarantor does not have a Credit Rating from a rating agency specified below or an Event of Default or a Potential Event of Default with respect to Party A has occurred and is continuing; provided, however, in the event that, and on the date that, Party A cures the Potential Event of Default on or prior to the date that Party A is required to post Performance Assurance to Party B pursuant to a demand made by Party B pursuant to the provisions of the Collateral Agreement on or after the occurrence of such Potential Event of Default, (x) the Collateral Threshold for Party A shall automatically increase from zero to the Party A

Threshold Amount and (y) Party A shall be relieved of its obligation to post Performance Assurance pursuant to such demand. In the event of a split rating classification by Moody's and S&P, the lower of the two ratings shall apply.

| **Party A Collateral Threshold** | **S&P Credit Rating** | **Moody's Credit Rating** |
|---|---|---|
| [redacted] | AA- and above | Aa3 and above |
| | A+, A, A- | A1, A2, A3 |
| | BBB+ | Baa1 |
| | BBB | Baa2 |
| | BBB- | Baa3 |
| | BB+ and below | Ba1 and below |
| | Unrated | Unrated |

(ii) Party B Collateral Threshold. The "Party B Threshold Amount" means (A) the amount set forth below under the heading "Party B Collateral Threshold" opposite the Credit Rating for Party B [Note: in the Collateral Agreement applicable to Stowe, "Party B" shall be replaced by "the Town of Stowe"; and in the Collateral Agreement applicable to Vermont Marble, "Party B" shall be replaced by "Party B's guarantor"] on the relevant date of determination, or (B) zero if on the relevant date of determination Party B [Note: in the Collateral Agreement applicable to Stowe, "Party B" shall be replaced by "the Town of Stowe"; and in the Collateral Agreement applicable to Vermont Marble, "Party B" shall be replaced by "Party B's guarantor"] does not have a Credit Rating from a relevant rating agency specified below or an Event of Default or a Potential Event of Default with respect to Party B has occurred and is continuing; provided, however, in the event that, and on the date that, Party B cures the Potential Event of Default on or prior to the date that Party B is required to post Performance Assurance to Party A pursuant to a demand made by Party A pursuant to the provisions of this Collateral Agreement on or after the occurrence of such Potential Event of Default, (x) the Collateral Threshold for Party B shall automatically increase from zero to the Party B Threshold Amount and (y) Party B shall be relieved of its obligation to post Performance Assurance pursuant to such demand. In the event of a split rating classification by Moody's and S&P, the lower of the two ratings shall apply.

| **Party B Collateral Threshold** | **S&P Credit Rating** | **Moody's Credit Rating** |
|---|---|---|
| [redacted] | AA- and above | Aa3 and above |
| | A+, A, A- | A1, A2, A3 |
| | BBB+ | Baa1 |
| | BBB | Baa2 |
| | BBB- | Baa3 |
| | BB+ and below | Ba1 and below |
| | Unrated | Unrated |

(b) Eligible Collateral and Valuation Percentage. The following items will qualify as "Eligible Collateral" for the Party specified:

| | | Party A | Party B | Valuation Percentage |
|---|---|---|---|---|
| (A) | Cash | [X] | [X] | 100% |
| (B) | Letters of Credit | [X] | [X] | 100% unless either (i) a Letter of Credit Default shall have occurred and be continuing with respect to such Letter of Credit, or (ii) twenty (20) or fewer Local Business Days remain prior to the expiration of such Letter of Credit, in which cases the Valuation Percentage shall be zero (0). |
| (C) | Other | [ ] | [ ] | _____% |

(c) Letter of Credit Maximum Amount. "Letter of Credit Maximum Amount" means, with respect to a Letter of Credit, the lesser of (i) its principal amount then available thereunder to be unconditionally drawn by the Secured Party and (ii) the Letter of Credit Maximum Amount set forth below opposite the Credit Rating applicable to the issuing bank of the Letter of Credit less the principal amount of any other Letters of Credit issued by the same issuing bank under this Collateral Agreement. In the event of a split rating classification by Moody's and S&P, the lower of the two ratings shall apply for purposes of determining the Letter of Credit Maximum Amount.

| Letter of Credit Maximum Amount | S&P Credit Rating | Moody's Credit Rating |
|---|---|---|
| [redacted] | [redacted] | [redacted] |

[redacted]

[redacted]

[redacted]

[redacted]

(e) Minimum Transfer Amount.

(i) Party A Minimum Transfer Amount: $0.00.

(ii) Party B Minimum Transfer Amount: $0.00.

(f) Rounding Amount

(i) Party A Rounding Amount: $100,000.

(ii) Party B Rounding Amount: $100,000.

(g) Administration of Cash Collateral.

(i) Party A Eligibility to Hold Cash. Party A shall be entitled to hold Performance Assurance in the form of Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party; (2) Party A's guarantor has a Credit Rating from S&P and Moody's and the lowest Credit Rating for Party A's guarantor is BBB- or higher from S&P or "Baa3" or higher from Moody's; and (3) Cash shall be held only in any jurisdiction within the United States. To the extent Party A is entitled to hold Cash, the Interest Rate payable to Party B on Cash on any day shall be the rate for that day opposite the caption "Federal Funds (Effective)" as set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

(ii) Party B Eligibility to Hold Cash. Party B shall be entitled to hold Performance Assurance in the form of Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party; (2) Party B [Note: in the Collateral Agreement applicable to Stowe, "Party B" shall be replaced by "the Town of Stowe"; and in the Collateral Agreement applicable to Vermont Marble, "Party B" shall be replaced by "Party B's guarantor"] has a Credit Rating from S&P and Moody's and the lowest Credit Rating for Party B [Note: in the Collateral Agreement applicable to Stowe, "Party B" shall be replaced by "the Town of Stowe"; and in the Collateral Agreement applicable to Vermont Marble, "Party B" shall be replaced by "Party B's guarantor"] is BBB- or higher from S&P or Baa3 or higher from Moody's; and (3) Cash shall be held only in any jurisdiction within the United States. To the extent Party B is entitled to hold Cash, the Interest Rate payable to Party A on Cash on any day shall be the rate for that day opposite the caption "Federal Funds (Effective)" as set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the Parties have caused this Collateral Agreement to be duly executed as of the date first above written.

H.Q. Energy Services (U.S.) Inc.

By:_____
Name: Christian G. Brosseau
Title: President

[Party B]

By:_____
Name:
Title:

SCHEDULE 1 to Collateral Agreement

IRREVOCABLE STANDBY LETTER OF CREDIT FORMAT
DATE OF ISSUANCE: _____

**[Name of the Bank]**
[Address]

[Telephone number]
[Fax number]
[SWIFT]

**Irrevocable**
**Standby Letter of Credit No.:** _____

**DATE ISSUED:** _____

**BENEFICIARY:**

**APPLICANT:**

AMOUNT: USD _____.00 (UNITED STATES DOLLARS _____ MILLION AND 00/100s ONLY)

EXPIRY: _____

WE HEREBY ISSUE OUR IRREVOCABLE STANDY LETTER OF CREDIT NUMBER _____, IN FAVOR OF _____ (THE "BENEFICIARY"), BY ORDER AND FOR THE ACCOUNT OF _____ (THE "APPLICANT") AVAILABLE FOR PAYMENT AT SIGHT AT OUR COUNTERS AT THE ADDRESS SHOWN BELOW FOR USD _____ MILLION (UNITED STATES DOLLARS _____ MILLION AND 00/100s ONLY) AGAINST PRESENTATION TO US OF THE ORIGINAL LETTER OF CREDIT AND THE FOLLOWING STATEMENT SIGNED BY A REPRESENTATIVE OF THE BENEFICIARY AND IDENTIFYING BY REFERENCE NUMBER THIS LETTER OF CREDIT:

[PURSUANT TO [[THE POWER PURCHASE AND SALE AGREEMENT DATED AS OF AUGUST 12, 2010 AMONG THE BENEFICIARY, THE APPLICANT AND OTHER PARTIES] OR [INSERT NAME, DATE AND PARTIES TO THE OTHER RELEVANT AGREEMENT, AS THE CASE MAY BE]], APPLICANT'S PAYMENT TO THE BENEFICIARY OF $[AMOUNT] IS DUE AND OWING. WHEREFORE, THE BENEFICIARY HEREBY DEMANDS PAYMENT OF THE ABOVE REFERENCED AMOUNT"]

ADDITIONAL CONDITIONS AND INSTRUCTIONS:

1) PARTIAL AND MULTIPLE DRAWINGS PERMITTED. THE AMOUNT WHICH MAY BE DRAWN BY THE BENEFICIARY UNDER THIS LETTER OF CREDIT SHALL BE SO ANNOTATED ON THIS LETTER OF CREDIT AND FURTHER SHALL BE AUTOMATICALLY REDUCED BY THE AMOUNT OF ANY DRAWINGS PREVIOUSLY PAID AND ANNOTATED BY US HEREUNDER. PARTIAL DRAWINGS ARE PERMITTED HEREUNDER AND EACH SUCH PARTIAL DRAWING SHALL REDUCE THE STATED AMOUNT OF THIS LETTER OF CREDIT.

2) DRAWING REQUESTS MAY ALSO BE PRESENTED BY FACSMILE AT THE FOLLOWING NUMBER: _____ PROVIDED THE ORIGINAL DRAWING REQUEST SHALL BE SENT TO US BY MESSENGER OR OVERNIGHT COURIER AND RECEIVED BY US ON THE NEXT DAY.

3) UPON RECEIPT OF ANY OF YOUR DRAWING REQUESTS ON A BUSINESS DAY NOT LATER THAN 11:00 AM CHICAGO TIME WE WILL HONOR THE SAME BY EFFECTING PAYMENT OF FUNDS BY WIRE NOT LATER THAN 4:00 PM THE NEXT BUSINESS DAY IN ACCORDANCE WITH YOUR PAYMENT INSTRUCTIONS. IF WE RECEIVE YOUR DRAWING REQUEST AFTER 11:00 AM _____ TIME ON A BUSINESS DAY WE WILL HONOR THE SAME THE SECOND BUSINESS DAY BY OR BEFORE 11:00 AM _____ TIME, IN ACCORDANCE WITH YOUR PAYMENT INSTRUCTIONS. SUCH PAYMENTS WILL BE EFFECTED ONLY UPON OUR RECEIPT OF THE ORIGINAL DRAWING REQUESTS AND THE ORIGINAL LETTER OF CREDIT.

4) DOCUMENTS MUST BE PRESENTED AT OUR COUNTERS LOCATED _____, NO LATER THAN 5:00 PM ON OR BEFORE THE EXPIRATION OF THIS LETTER OF CREDIT. IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEEMED TO BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR THREE-MONTH PERIODS FROM THE EXPIRATION DATE HERETO OR ANY FUTURE EXPIRATION DATE UNLESS AT LEAST THIRTY (30) CALENDAR DAYS PRIOR TO ANY EXPIRATION DATE, WE SHALL NOTIFY THE BENEFICIARY IN WRITING BY REGISTERED MAIL OR OVERNIGHT COURIER AT THE BENEFICIARY'S ADDRESS STATED ABOVE THAT WE ELECT NOT TO RENEW THIS LETTER OF CREDIT FOR SUCH ADDITIONAL PERIOD (SUCH EXPIRATION DATE, THE "LETTER OF CREDIT EXPIRATION DATE").

5) ALL BANKING CHARGES RELATED TO DRAWINGS UNDER THIS LETTER OF CREDIT SHALL BE CHARGED TO THE ACCOUNT OF THE APPLICANT.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENTS PRESENTED IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT ON OR BEFORE THE EXPIRY DATE OF THIS CREDIT. EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, THIS CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (ICC PUBLICATION NO. 590) AND TO THE EXTENT NOT INCONSISTENT THEREWITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING WITHOUT LIMITATION, ARTICLE 5 OF THE UNIFORM COMMERCIAL CODE.

VERY TRULY YOURS,

_____

_____S

_____
AUTHORIZED SIGNATURE
PRINT: _____
NAME

_____
TITLE

_____
AUTHORIZED SIGNATURE
PRINT: _____
NAME

_____
TITLE